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ICAI-DUBAI

REGISTRAION FOR VAT

22nd Dec; 2017

DUBAI

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RELEVANT LAW AND REGULATIONS

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Article-6 (Regulation)

APPLICATION FOR REGISTRATION

FTA (Federal Taxation Authority) has started registration for VAT

https://eservices.tax.gov.ae/en-us/

DOCUMENTS REQUIRED FOR REGISTRATION

Upload a copy of the Certificate of Incorporation, if available

A Certificate of Incorporation is a legal document relating to the formation of an entity which has been incorporated. It is a license to form a corporation and is issued by a government or, in some jurisdictions, non-governmental entities.

In some limited situations whereby you have neither a UAE Trade License nor a Certificate of Incorporation, you should upload any other relevant supporting documents you may have

Other relevant documents may include:

- Articles of Association
- Partnership Agreement
- Similar documents which show ownership information of the business
- Club, charity or association registration documents and supporting evidence (applicable if you selected "Legal person – Club, Charity or Association")
- A copy of the Decree (applicable if you selected "Legal person – Federal UAE Government Entity" or "Legal person – Emirate UAE Government Entity")
- Other relevant documents such as documents providing information about your organization, including its activities and size (applicable if you selected "Legal person – Other")
- A scanned copy of the Emirates ID of the owner or a scanned copy of the passport of the owner

TYPES OF REGISTRATION

Mandatory Registration

Voluntary Registration

Individual Registration

Tax Group Registration

WHO IS REQUIRED TO TAKE MANDATORY REGISTRATION

Person *having* place of residence in State

- If total value of all supplies as per Article 19 exceeds the threshold limit over the previous 12 months period
- If it is anticipated that total value of all supplies as per Article 19 exceeds the threshold limit in the next 30 days

Person *not having* place of residence in State

- If made supplies of goods or services and no other person is obligated to pay the due taxes

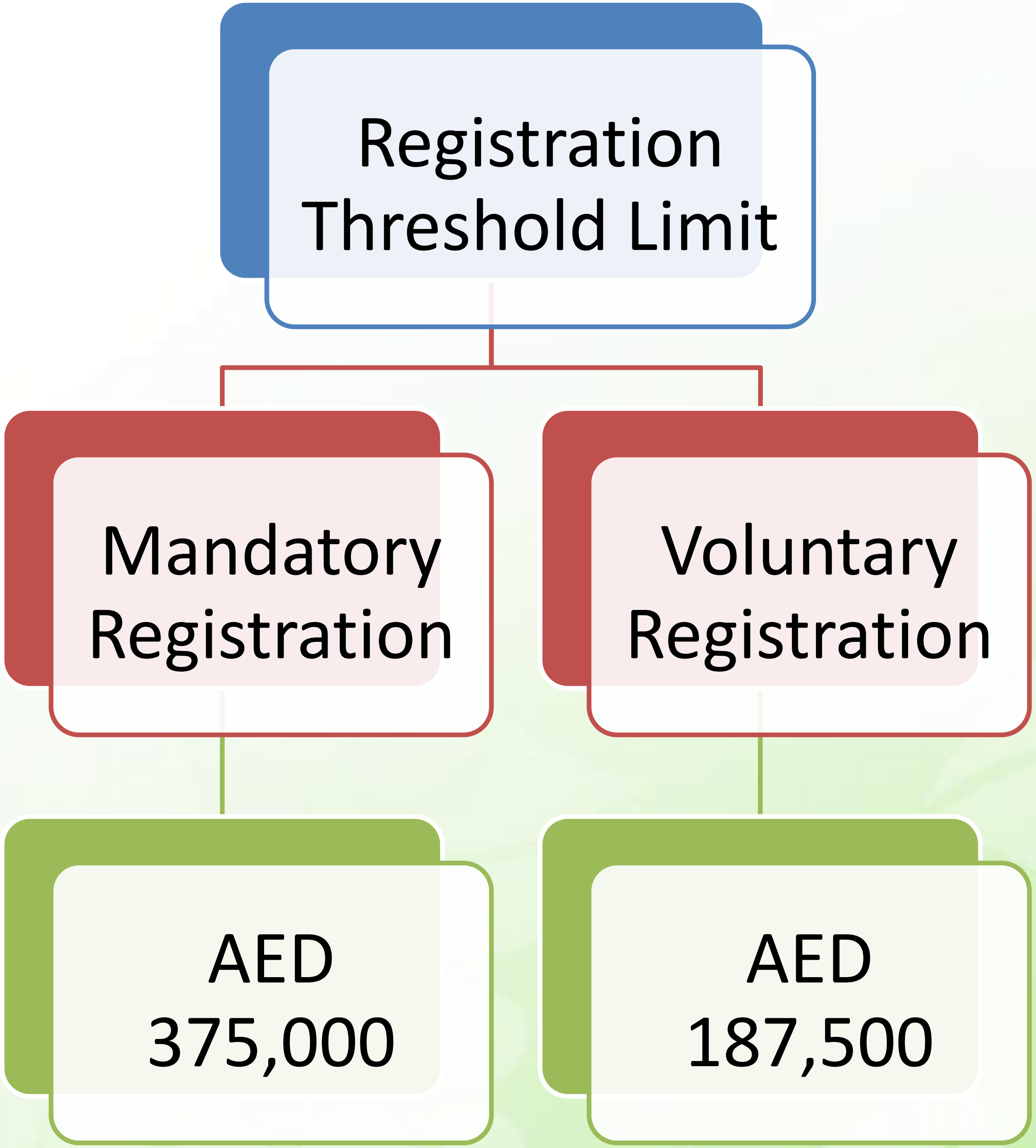
Article-17 (Law)

WHO IS REQUIRED TO TAKE VOLUNTARY REGISTRATION

Person *not obligated* may apply for voluntary registration

- If total value of supplies as per Article 19 or expenses subject to tax incurred during the previous 12 months period exceeds the threshold limit
- If it is anticipated that total value of supplies as per Article 19 or expenses subject to tax incurred exceeds the threshold limit in the next 30 days

CALCULATION OF REGISTRATION THRESHOLD


Registration Threshold Limit
Mandatory Registration
Voluntary Registration
AED 375,000
AED 187,500

Article-19 (Law)

INCLUSIONS

- Value of Taxable Goods and Services
- Value of **Concerned Goods and Services**
- Value of whole or relevant part of taxable supplies that belong to the person if he has wholly or partly, acquired a business from another person who made the supplies
- Value of taxable supplies made by Related Parties as may be given in regulation.

Concerned Goods: Goods that have been imported, and would not be exempt if supplied in the State.

Concerned Services: Services that have been imported, where the place of supply is in the State, and would not be exempt if supplied in the State

Article-20 (Law)

Supply of **Capital Assets** shall **not** be taken into account for threshold limit of Registration

Article-7 (Regulation)

MANDATORY REGISTRATION

PROCEDURE/CONDITIONS

- The Person required to register for Tax pursuant to the provisions of the Decree-Law must file a Tax Registration application with the Authority **within (30) days of being required to register**.

- Where a Person **does not file his Tax Registration application** despite being required to, the **Authority shall register that Person with effect from the date on which the Person first became liable to be registered** for Tax and impose the necessary penalties in accordance with the Federal Law No. (7) of 2017 on Tax Procedures.

- Where supplies made by a Person **exceed,** in accordance with the Decree-Law, the Mandatory Registration **Threshold during the previous 12-months period**, the Authority shall register the Person with effect from the **first day of the month following the month in which the Person is required to register, whether or not he applies for Tax registration, or from such earlier date as agreed between the Authority and the Person.**

- Where a **Person expects** that his supplies, in accordance with the Decree-Law, will exceed the **Mandatory Registration Threshold during the next (30) days**, the Authority shall register him with effect from the date on which there are reasonable grounds for believing the Person will be required to register as specified in that Clause, whether or not he so notifies them of the liability to register for Tax, or from such earlier date as agreed between the Authority and the Person.

- Where a Person is not a resident of the State and is required to register in accordance with the provisions of the Decree-Law, the Authority shall register him with effect from the date on which he started making supplies in the State, whether or not he so notifies them of the liability to register for Tax, or from such earlier date as agreed between the Authority and the Person.

- A Taxable Person who has been late in registering for Tax according to the provisions of this Article is liable to account for and pay to the Authority the Due Tax on all Taxable Supplies and Imports made by him before registering.

Article-8 (Regulation)

VOLUNTARY REGISTRATION

PROCEDURE/CONDITIONS

- Where a Person applied to register voluntarily in accordance with the provisions of the Decree-Law, the Authority shall register a Person with effect from the first day of the month following the month in which the application is made, or from such earlier date as may be requested by the Person and agreed by the Authority.
- Where a Person applied to register voluntarily due to his expectation that his supplies under the provisions of the Decree-Law will exceed the Voluntary Registration Threshold during the next 30 days, he should be able to provide evidence of an intention to make Taxable Supplies or incur expenses which are subject to Tax in excess of the Voluntary Registration Threshold.
- The Authority shall determine the evidence it may deem necessary to demonstrate eligibility for voluntary Tax Registration.
- For the purpose of voluntary registration, the phrase "Taxable Expenses" means expenses which are subject to the standard rate and which are incurred in the State by a Person who has a Place of Residence in the State.
- A Person may not register voluntarily unless he satisfies the Authority that he is carrying on a Business in the State.

TAX REGISTRATION OF GOVERNMENTAL BODIES

- **Cabinet decision** to be issued under Article 10(2) for registration of Government entities and the same cannot be cancelled without a corresponding Cabinet decision.

- The Cabinet Decision shall be issued which shall specify the government entities whose activities are not in the sovereign capacity and are covered under clause (1) of Article 10. The entities so listed shall apply for tax registration under this Article.

Article-18 (Law)

TAX REGISTRATION FOR A NON-RESIDENT

- A non-resident person who is otherwise liable to get registered is required to obtain registration in accordance with Article 13 or 17.

- In determining the turnover, such non-resident person is **not required to include the value of goods or services imported in the State** where liability to pay tax is upon the importer who imports goods or services in the State.

Provide construction services and depute employees at site

UK LTD.

UAE LTD.

UK LTD. is not required to include the value of construction services to calculate threshold limit

UAE LTD. is required to pay tax under reverse charge

WHO IS REQUIRED TO TAKE REGISTRATION AS A TAX GROUP

Two or more persons may apply for Tax Group Registration if the following conditions are satisfied:

Each **<u>Person</u>** shall have a **Place of Establishment or Fixed Establishment** in the State	The relevant persons shall be **Related Parties**	One or more persons conducting business in a partnership **shall control the others**

Note: If the Related Parties do not apply for Tax Group Registration, the Authority may assess their relation based on their economic, financial and regulatory practices in business and register them as a Tax Group

Person: A natural or legal person.

Place of Establishment: The place where a Business is legally established in a country pursuant to the decision of its establishment, or in which significant management decisions are taken and central management functions are conducted.

Fixed Establishment: Any fixed place of business, other than the Place of Establishment, in which the Person conducts his business regularly or permanently and where sufficient human and technology resources exist to enable the Person to supply or acquire Goods or Services, including the Person’s branches.

Article-10(8) (Regulation)

The Authority may only register a Person as part of a Tax Group if the two following conditions are met:

a. The Person's Business includes making Taxable Supplies or importing Concerned Goods or Concerned Services.

b. If all the Taxable Supplies or imports of Concerned Goods or Concerned Services of the Business by Persons carrying on the Business would have exceeded the Mandatory Registration Threshold.

Article-9 (Regulation)

RELATED PARTIES

For the purpose of Tax Group Provisions, the definition of Related Parties shall relate to any two legal persons in instances such as:

A. **One Person or more** acting in a partnership and having any of the following:

- **Voting interests** in each of those legal Persons of 50% or more;
- **Market value interest** in each of those legal Persons of 50% or more;
- **Control** of each of those legal Persons by any other means.

B. Each of Persons is a Related Party with a third Person.

Two or more Persons shall be considered Related Parties if they are associated in economic, financial and regulatory aspects, taking into account the following:

Economic practices, which shall include at least one of the following:

- Achieving a common commercial objective;
- One Person's Business benefiting another Person's Business;
- Supplying of Goods or Services by different Businesses to the same customers.

Financial practices, which shall include at least one of the following:

- Financial support given by one Person's Business to another Person's Business.
- One Person's Business not being financially viable without another Person's Business.
- Common financial interest in the proceeds.

Regulatory practices, which shall include any of the following:

- Common management.
- Common employees whether or not jointly employed.
- Common shareholders or economic ownership.

AGGREGATION OF RELATED PARTIES CASES

Case-1

two or more Persons are in association as a result of their economic, financial and regulatory practices in Business; and

these Persons are not registered as a Tax Group and have artificially segregated their business

Case-2

Where the Business was not segregated artificially; and

the Authority considers that there is a Tax revenue loss due to segregation

In the above cases:

- the Taxable Supplies of each of the Persons shall be treated as aggregated for determining whether they both have exceeded the Mandatory Registration Threshold and Voluntary Registration Threshold
- each of the Persons shall be treated as making Taxable Supplies made by the other Person and shall apply for Tax Registration if the Mandatory Registration Threshold has been exceeded

REGISTRATION AS A TAX GROUP

PROCESS

Step-1

- Select one of the registered member as representative

Step-2

- Representative member shall request to register

Step-3

- Authority should make the decision within 20 business days

Effective Date of Registration: If request is approved, registration shall be effective

1. From the first day of the Tax Period following the Tax Period in which the application is received;

2. From any date as determined by the Authority.

REJECTION OF APPLICATION FOR TAX GROUP REGISTRATION

CASES

If it would enable Tax Evasion or significantly decrease Tax revenues of the Authority or increase the administrative burden on the Authority significantly

Persons do not meet the requirements for Tax Group registration

Where one of the Person is a Charity under Article (57) and the other is not

Where one of the Persons is a Government Entity specified under Article (10) and (57) and the other is not

Where any of the Persons included in the application is not a legal Person

EFFECT OF TAX GROUP REGISTRATION

Any Business carried on by a member of the Tax Group shall be deemed to be carried on by the representative member and not by any other member of the Tax Group.

Any Import of Concerned Goods or Concerned Services by a member of the Tax Group shall be deemed to be an import by the representative member.

Any supply, taxable or otherwise, by a member of the Tax Group shall be deemed to be made by the representative member.

Any supply made by a member of the Tax Group to another member of the same Tax Group may be disregarded.

Any Input Tax incurred by a member of the Tax Group shall be deemed to be incurred by the representative member.

Any Output Tax charged by a member of the Tax Group shall be deemed to be charged by the representative member.

Any supply of Goods or Services to a member of the Tax Group from a Person who is not a member of the Tax Group is a supply to the representative member.

All members of the Tax Group shall remain personally and jointly liable for any payable tax of the representative member

Article-11 (Regulation)

AMENDMENT TO A TAX GROUP

The representative member may apply for the following:

- Add new member
- Remove any member
- Nominate another representative member
- De-register Tax Group

- The Authority may accept the request mentioned in the application from either:

  a. The first day of the Tax Period following the Tax Period in which the application is received;
  b. Any date as determined by the Authority.

- Any Notification by the Authority, which is addressed to the representative member of any Tax Group shall be deemed to be served on the representative member and all other members of that Tax Group.

Article-15 (Law) Article-16 (Regulation)

EXCEPTION TO REGISTRATION

Taxable Person making ONLY Zero-rated Supplies

May apply for exception from Registration

Application may be ***accepted***

Application may be ***rejected***

1. Notify the Authority

If person excepted from registration makes any supply or import goods or services that are subject to tax at standard rate, he must notify the Authority

2. Notice of Change

The Person shall give notice of such change within 10 business days of making the supply or import

3. Registration Requirement

If the person ceases to satisfy the requirement of being excepted, he shall be required to register

TAX DE-REGISTRATION CASES

REGISTRANT SHALL APPLY FOR TAX DE-REGISTRATION:

Article-21 (Law)

1. If the Registrant stops making Taxable Supplies

2. If the value of the Taxable Supplies made over a period of (12) consecutive months is less than the Voluntary Registration Threshold and said Registrant does not meet the condition stipulated in Clause (2) of Article (17)

Note: Clause (2) of Article (17)

At any time that he anticipates that the total value of supplies stipulated in Article (19) of this Decree-Law or the expenses which are subject to Tax that will be incurred, will exceed the Voluntary Registration Threshold during the coming 30-day period.

REGISTRANT MAY APPLY FOR TAX DE-REGISTRATION:

Article-22 (Law)

If the value of his Taxable Supplies during the past (12) months was less than the Mandatory Registration Threshold

TIME LIMIT TO APPLY TAX DE-REGISTRATION

Article-23 (Law)

A Registrant under Voluntary Registration may not apply for Tax Deregistration **within (12) months** of the date of Tax Registration

Article-14 (Regulation)

The Registrant must apply to the Authority for de-registration in accordance with the cases mentioned in the Decree-Law, **within (20) business days** of the occurrence of any of them.

PROCESS & CONDITIONS OF TAX DE-REGISTRATION

Authority shall accept a Registrant's application for deregistration where the two following conditions are met:

A.

The Registrant stops making supplies referred to in Article (19) of the Decree-Law and does not expect to make any such supplies over the next 12-month period;

B.

The value of supplies referred to in Article (19) of the Decree-Law made, or taxable expenses incurred, by the Registrant over the previous 12-months is less than the Voluntary Registration Threshold and the Authority is satisfied that his supplies, according to the provisions of the Decree-Law, or taxable expenses, expected over the next 30 days, are not expected to exceed the Voluntary Registration Threshold.

If De-registration application is approved

- Authority shall cancel the registration
- With effect from last day of tax period during which Registrant met conditions
- Or from such other date that may be determined by the Authority

Conditions met by Registrant not applied for De-registration

- Authority shall deregister the Registrant
- With effect from last day of tax period in which Authority satisfied that conditions have been met
- Or from any other date determined by the Authority

A Registrant shall not be deregistered unless:

- He paid all Tax
- Paid Administrative Penalties
- Filed all Tax Returns

any Goods and Services forming part of the assets of Business carried on by a Registrant shall be deemed to be supplied by him at a time immediately before ceasing to be a Registrant and any tax payable shall be included in the final tax return, unless the Business is carried on by an appointed trustee in bankruptcy pursuant to the Federal Law No (7) of 2017 on Tax Procedures

Reduction in Taxable Supplies to less than Mandatory Threshold

Registrant Request for De-registration

Authority will cancel the Registration with effect from:

a. The date requested by the Registrant in the application; or
b. The date on which the request is made if the Registrant did not indicate the preferred deregistration date.

NOTICE OF EFFECT OF DE-REGISTRATION

Where the Authority has deregistered a Registrant from Tax, it shall notify that Registrant of the date on which deregistration takes effect **within (10) business days of making the decision.**

DE-REGISTRATION OF A TAX GROUP REGISTRATION

Authority must deregister a Tax Group if the following conditions are met:

If person no longer meet the requirements for registration as a Tax Group

If there is no longer an association based on economic, financial and regulatory practices

If there are serious grounds for believing that if the registration as a Tax Group is permitted to continue, it would enable Tax Evasion or would significantly decrease Tax paid to the Authority

Authority shall amend the composition of a Tax Group if:

A Person shall be removed from a Tax Group where the conditions of previous slideshare met for that Person

OR

A Person shall be added to a Tax Group where the Authority establishes that a Person's activities should be regarded as part of the Business carried out by a Tax Group in accordance with Clause (7) of Article (10) of this Decision

The representative member of a Tax Group shall notify the Authority if any member of the Tax Group is no longer eligible to be part of the Tax Group, within 20 business days of the ceasing to be eligible

Where the Authority decided to either deregister a Tax Group or amend a Tax Group registration, it shall give Notification of that decision and its effective date to the representative member within 10 business days of making such decision

Where a Taxable Person is no longer a member of a Tax Group, the Authority shall issue it with a new individual Tax Registration Number or re-activate a Tax Registration Number that was assigned to it prior to joining a Tax Group, and it shall be treated as a Registrant immediately following the time when it left the Tax Group

LIABILITIES DUE BEFORE DE-REGISTRATION

Deregistration does not exempt the Person from his obligations and liabilities that were applicable under the Decree-Law while he was still a Registrant.

Article-17 (Regulation)

TRANSITIONAL REGISTRATION

A Person who will be a Taxable Person on the date the Decree-Law comes into force, must apply for Tax Registration prior to the Decree-Law coming into effect as per the timelines as announced by the Authority

The effective date of registration of the Taxable Person is 1 January 2018, if he so notifies them of the liability to Tax Registration under Clause (1) of this Article

Where a Person has registered for Tax prior to the Decree-Law coming into effect, the Person shall be subject to the same rights and obligations as if the Tax Registration was processed after the Decree-Law has come into effect

The FTA has announced that a phased registration approach has been introduced. In particular, the businesses meeting the below criteria must comply with the relevant application dates for registration:

Businesses with an annual turnover exceeding AED 150 million must apply for registration by 31 October 2017

Businesses with an annual turnover exceeding AED 10 million must apply for registration by 30 November 2017

Remaining businesses with an annual turnover exceed the mandatory registration threshold (expected to be AED 375,000) must apply for registration by 4 December 2017

PENALTY FOR REGISTRATION

S. No	Particulars of Violation	Amount(AED)
1.	The failure of the Taxable Person to submit a registration application within the timeframe specified in the Tax Law	20,000
2.	The failure of the Registrant to submit a deregistration application within the timeframe specified in the Tax Law	10,000
3.	The failure of the Registrant to inform the Authority of any circumstance that requires the amendment of the information pertaining to his tax record kept by Authority	5,000 first time, 15,000 for repetition
4.	The failure of the person appointed as a Legal Representative for the Taxable Person to inform the Authority of his appointment within the specified timeframe. The penalties will be due from the Legal Representative's own funds.	20,000

Disclaimer

This publication has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication. Author would be pleased to advise readers on how to apply the principles set out in this publication to their specific circumstances. Author has no duty of care or liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication

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